



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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Mark Ridley-Thomas  
Sheila Kuehl  
Don Knabe  
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Commissioners

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

May 10, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

51 May 10, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

Dear Supervisors:

**ADOPT RESOLUTION APPROVING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING  
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN UNINCORPORATED LENNOX  
AND UNINCORPORATED SOUTH WHITTIER  
(DISTRICTS 2, 4) (3 VOTE)**

**SUBJECT**

This letter requests that your Board adopt a Resolution approving the issuance of Multifamily Housing Mortgage Revenue Bonds to finance the site acquisition and rehabilitation of Sun Sage Homes, which consists of two existing developments: Osage Apartments, a 21-unit multifamily rental housing development located in unincorporated Lennox; and Sunshine Terrace Apartments, a 50-unit multifamily rental housing development located in unincorporated South Whittier. This letter relates to another item on the agenda of the Board of Commissioners of the Housing Authority of the County of Los Angeles (Housing Authority) to authorize the Executive Director of the Housing Authority to apply to the California Debt Limit Allocation Committee for the bond allocation (CDLAC).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Adopt and instruct the Chair to sign a Resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, approving the issuance of Multifamily Housing Mortgage Revenue Bonds by the Housing Authority in an amount not to exceed \$9,450,000 to Sun Sage Homes, L.P. (Developer), a California Limited Partnership, to finance the acquisition and rehabilitation of Osage Apartments, a 21-unit multifamily rental housing development located at 11128 South Osage Avenue in unincorporated Lennox and Sunshine Terrace Apartments, a 50-unit multifamily rental housing development located at 10800 Laurel Avenue in unincorporated South Whittier.

2. Find that adoption of this Resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential for causing a

significant effect on the environment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions will authorize the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not to exceed \$9,450,000 in order to finance the site acquisition and rehabilitation of Sun Sage Homes,(Project).

### **FISCAL IMPACT/FINANCING**

There is no impact on the County general fund. The bonds will be repaid solely through rent revenues collected by the Developer. The Developer will pay all fees and related costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In 1991, the Community Development Commission (CDC) provided Community Development Block Grant (CDBG) funding in the amount of \$575,000 for the acquisition and construction of Osage Apartments, an affordable 21-unit multifamily property located at 11128 South Osage Avenue in unincorporated Lennox.

As a result of the resyndication, seven units will be reserved for households with incomes that do not exceed 35% of the Area Median Income (AMI), one unit will be reserved for households with incomes that do not exceed 40% of the AMI, six units will be reserved for households with incomes that do not exceed 50% AMI and six units will be reserved for households with incomes that do not exceed 60% AMI, for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The manager's unit will not have affordability requirements.

In 1997, the CDC provided a HOME loan in the amount of \$2,064,310 and a CDBG loan for \$1,391,079 for the acquisition and construction of Sunshine Terrace Apartments, an affordable 50-unit multifamily property located at 10800 Laurel Avenue in unincorporated South Whittier.

As a result of the resyndication, twenty units will be reserved for households with incomes that do not exceed 35% of the (AMI), 10 units will be reserved for households with incomes that do not exceed 40% of AMI and 19 units will be reserved for households with incomes that do not exceed 50%. The manager's unit will not have affordability requirements.

Abode Communities, a non-profit developer and current owner, submitted a proposal for a scattered site resyndication of Osage Apartments and Sunshine Terrace Apartments. The proposed financial transaction and restructuring of ownership will result in the consolidation of both projects under a new partnership called Sun Sage Homes, L.P. Sun Sage Homes, L.P. will consist of Sun Sage Homes, LLC as the Managing General Partner of which Abode Communities Housing will be the sole member, and a Limited Partner/investor.

The proceeds from the resyndication and the issuance of Multifamily Housing Mortgage Revenue Bonds will be used for the substantial rehabilitation of the apartments, which will result in an extension of the useful life of the buildings and an extension of the affordability term from 2037 to 2071.

The Honorable Board of Supervisors

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Adoption of the Resolution by your Board is required prior to submission of the Housing Authority's application to CDLAC for a private activity bond allocation. This action does not, however, authorize the issuance and sale of the bonds. The Housing Authority will return to the Board of Commissioners for this authorization at a later date.

On April 26, 2016, the Housing Authority conducted a hearing at its office located at 700 W. Main Street in Alhambra regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of Sun Sage Homes.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel.

### **ENVIRONMENTAL DOCUMENTATION**

The action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed action is a necessary step to provide bond financing to Sun Sage Homes, L.P. to preserve the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:jwr

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF  
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING  
REVENUE BONDS AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds or notes in one or more series issued from time to time, and at no time to exceed \$9,450,000 in outstanding aggregate principal amount (the "Bonds"), in order to assist in financing (including reimbursement of Borrower's expenditures) the acquisition, development, construction and rehabilitation of a scattered-site multifamily rental housing development consisting of 71 units located at 11128 South Osage Avenue in unincorporated Lennox and 10800 Laurel Avenue located in unincorporated South Whittier in Los Angeles County (together, the "Project"), to be owned by Sun Sage Homes, L.P. (or an affiliate or assign thereof); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the Bonds are expected to be issued and by the governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California; and

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the Authority within the meaning of Section 147(f) of the Code; and

WHEREAS, this Board of Supervisors hereby finds and declares that this resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the plan of financing and the issuance of the Bonds by the Authority to finance costs of the Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the plan of financing and the Bonds by the applicable

elected representative of the issuer of the Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.

3. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the Authority in the manner provided by law prior to the sale thereof.

4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Authority.

5. This Resolution shall take effect immediately upon its adoption.

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PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles, State of California, this 10<sup>th</sup> day of May, 2016, by the following vote:

AYES: Supervisors Solis, Ridley-Thomas, Knabe, Kuehl, and Antonovich

NOES: NONE

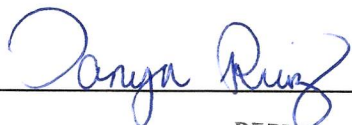
ABSENT: NONE

ABSTAIN: NONE

By Hilda F. Solis  
Chair of the Board of Supervisors

ATTEST:

LORI GLASGOW  
Executive Officer  
Clerk of the Board of Supervisors

By:   
DEPUTY



APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:   
Deputy